BASICS OF EXERCISING YOUR STOCK OPTIONS

1. If you haven't already done so, you need to open an account with either Alex. Brown & Sons, Inc. or Robertson, Stephens and Company. To make sure your exercise goes smoothly, please allow the brokerage firm 24 hours to process your new account information before you have any activity in your account. **Each employee is responsible for completely opening his or her account, this includes mailing (and faxing if necessary) directly to the broker forms needed to open an account**. You may have opened an account for a previous exercise or through your participation in the Employee Stock Purchase Plan; therefore you do not have to open another account. Any questions should be directed to the broker.

2. Complete an exercise form. Please be sure to use the exercise form for the brokerage firm where your account is located (i.e., Alex. Brown or Robertson, Stephens).

3. Give only the completed exercise form to Kathleen Taylor at least 24 hours before you wish to exercise your options. If you are in a location other than Vienna, Virginia, you can fax your form to Kathleen at 703-918-1109. (**NOTE: The earliest that exercise forms can be accepted for shares which have not yet vested is 9:00 a.m. ET on the day prior to the vesting.** Forms submitted prior to this will be returned to the employee.) Within 24 hours of receiving the exercise form, she will approve and fax it to the appropriate brokerage firm.

4. You should then contact the appropriate brokerage firm to let them know you would like to exercise and sell your shares. You must let the broker know if you want to sell right away or if you want the broker to sell the stock at a certain price.

5. Prior to your settlement date (this is three business days after you actually sell your stock), Kathleen Taylor will send you a statement showing the amount of money which will be withheld (option price and taxes). Please be sure to read the information provided regarding tax withholdings. If there is a discrepancy between your statement and your check, please contact the broker directly.

6. Any questions regarding the length of time to receive your proceeds or having the proceeds sent other than regular mail must be coordinated with the broker. NOTE: If you request payment be sent via an overnight service, the brokerage firm may charge for this service.

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9/19/95

AMERICA ONLINE, INC.

Following is a summary to holders of Company nonqualified stock options of the federal income tax consequences resulting from a sale of stock or an exercise of options. Because the tax consequences depend in part on each shareholder's individual circumstances, we recommend shareholders consult with their own tax advisors for more detailed evaluation of alternatives.

Nonqualified Stock Options

A holder of a nonqualified stock option (NQSO) will recognize taxable compensation income at the time of exercise of the option in an amount equal to the difference between the value of the stock acquired and the option price paid for the stock. The amount of compensation income will be added to the option price paid in determining the stockholder's basis in the acquired stock. Any gain or loss on a subsequent disposition will be capital gain, long or short term depending on the holding period, which begins at the time of exercise of the NQSO.

Long term capital gain is taxed at a nominal maximum rate of 28 percent, as compared to a nominal maximum rate of 31 percent currently applicable to other income. The actual marginal rate for long term capital gain and other income may be higher than the nominal rate as a result of the phaseout of personal exemptions and the reduction of allowable itemized deductions based on adjusted gross income. Various tax bills now pending in Congress may lower the maximum rate for long term capital gain or raise the maximum rate for other income, or both.

Example 1: The Company granted you a nonqualified stock option two years ago. You now exercise the option and immediately sell the shares. The result is that you will recognize compensation income equal to the difference between the value of the stock on the date of exercise and the exercise price.

Example 2: Three years ago the Company granted you a nonqualified stock option to purchase shares at $6 per share. Fourteen months ago you exercised the option to purchase 100 shares at $6 per share. At the time of exercise the stock had a value of $9.00 per share. The result is that you recognize $3 per share of compensation at the time of exercise of the option and $1 per share of long term capital gain at the time of sale. There is no tax preference item or alternative minimum tax effect.